

SECRET
(When filled in)

CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

1988

Support Project Initiation Memorandum (for Non-Scheduled Intelligence Production)		Type B	Control Number	
TO: Production Control Staff.				
2. Title or Subject (31) Line 1 USSR: Compensation Line 2 Agreements Line 3 Line 4 Line 5	3. Analyst(s) & Other Contributors (31) Line 1 Line 2 Manhours: 20			
	Completion Date (y m d) 1976 02 24			
	4. Requester and Purpose (39) Line 1 Val Zabijaka, BEWT, Department of Line 2 Commerce. For use in East-West Line 3 Foreign Trade Board study. Line 4 Line 5 Line 6	Classification (39) UNCLASSIFIED		
		REDACTED		
		5. Precis (39) Line 1 Listing of compensation agreements Line 2 for study of role of compensation Line 3 agreements in East-West trade. Line 4 Line 5 Line 6 Line 7 Line 8	REDACTED	
REDACTED				
APPROVAL:	Branch (if less than 10 manhours) (Acting Chief)		Date	
	Division (if 10 manhours or greater)		Date	
	Director (for special requesters)		Date	

Note: Numbers in parentheses indicate the maximum number of characters and
blanks to be inserted in a line—i.e., (16) means no more than 16 spaces.

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LISSB COMPENSATION AGREEMENTS

Country	Year Agreements Concluded	Western Project-Associated Exports		Soviet Project-Associated Deliveries \$ Million	First Year Of Soviet Deliveries	Western Firms	Remarks					
		Description	Value \$ Million									
<u>SIGNED AGREEMENTS</u>												
<u>Natural Gas</u>												
France	1972	Gas field equipment	250	Natural gas	1976	Gaz de France						
Austria	1969, 1974 1975	Large-diameter pipe	400	Natural gas	1969	Voest, Oenv						
Italy	1971	Large-diameter pipe	190	Natural gas	1974	ENI						
Finland	1970	Pipe	N.A.	Natural gas	1974	N.A.						
West Germany	1970, 1972 1974	Large-diameter pipe	1,500	Natural gas	1973	RuhGas, Mannesmann Export AG						
France, Austria, West Germany	1976	Large-diameter pipe and equipment	900 ^{1/}	Natural gas	1981	N.A.	Part of triangular deal with Iran					
<u>Forestry</u>												
Japan	1969	Forestry handling equipment	163	Timber products	1969-1974	KS Industries						
Japan	1971	Wood chip plant	45	Wood chips and pulp	1972-1981	Japan Chip Trading Country						
Japan	1974	Forestry handling equipment	500	Timber products	1975-1979	KS Industries						
France	1974	Pulp-paper complex	60	Wood pulp	1977	N.A.						

USSR COMPENSATION AGREEMENTS

Country	Year Agreements Concluded	Western Project-Associated Exports		Soviet Project-Associated Deliveries	First Year Of Soviet Deliveries	Western Firms	Remarks
		Description	Value \$ Million				
Chemicals							
West Germany	1972	Polyethylene plant	39	Polyethylene	1972	Salzgitter	
West Germany	1972	Polyethylene plant	61	Polyethylene	N.A.	Salzgitter	
France	1973	Styrene/Polystyrene	100	Polystyrene	1978	Litwin S.A.	
Italy	1973 (pre- liminary agreement)	Chemical plants	600	Ammonia	1978	Montedison	Only four of the plant have been ordered
UK/US	1974	Polyethylene plant	50	Polyethylene	N.A.	Constructors John Brown Union Carbide	
France	1974	Ammonia plants (4)	220	Ammonia	1978	Creusot-Loire	
Italy	1974 (pre- liminary agreement)	Chemical plants (6)	670	Chemical products	N.A.	ENI	Only one plant has been ordered
US	1974	Ammonia plants (4)	More than 200	Ammonia	1978	Chemico	
US	1974	Fertilizer storage and handling facilities	100	Ammonia	N.A.	Occidental	
US France	1975	Ammonia pipeline	100 (est.) 200 (est.)	Ammonia	N.A.	Occidental Entrepose	
Italy	1975	Polypropylene	100-130 (est.)	Possibly chemical intermediates	N.A.	Tecnimon	

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Country	Year Agreements Concluded	Western Project-Associated Exports			Soviet Value \$ Million	Project-Associated Deliveries	First Year Of Soviet Deliveries	Western Firms	Remarks
		Description	Value \$ Million	Project-Associated Deliveries					
<u>Other Agreements with the West</u>									
US	1974	Equipment, Cola concentrates	N.A.	Vodka	1971 1/			Pepsi Co.	
Japan	1975	Oil exploration	150-250	Oil and gas		N.A.		Sakhalin Oil Development Co. Ltd	
Italy	1974	Large diameter pipe	1,500	Scrap metal, coal, iron ore		1975		Finnsider	
Japan	1974	Coal development equipment	450	Coal	1979			Southern Yakutsk Coal Development Corp. Ltd.	Soviets have requested additional cred of \$150 million.
West Germany	1974	Steel Complex	1,200 1/	Pellets, steel products	1979			West German Consortium	First stage may be for cash rather than product; contracts have been signed to date.

USSR COMPENSATION AGREEMENTS

Country	Year Agreements Concluded	Western Project-Associated Exports		Soviet Value \$ Million		Project-Associated Deliveries		First Year Of Soviet Deliveries		Western Firms	Remarks
		Description	Within CEMA								
All Eastern Europe but Czechoslovakia	1972	Pulp plant, Ust' Ilimsk	400	Pulp				1979-1990		N.A.	
All Eastern Europe	1973	Asbestos mining combine, Kingisepp	100	Asbestos				1980-1991		N.A.	
All Eastern Europe	1974	Iron ore/concentrates/ ferro-alloy plants, Kursk	600	Iron ore and alloys				1979-1990		N.A.	
All Eastern Europe but Poland, Romania	1974	Ammonium phosphate plant, Kingisepp	100	Ammonium phosphate				1976-1985		N.A.	
All Eastern Europe but Romania	1974	750-kv high-tension line, USSR to Hungary	100	Electricity				1979		N.A.	
All Eastern Europe	1974	Orenburg natural-gas deposits/ Pipeline to Eastern Europe	1,500-2,500	Natural gas				1980-1999		N.A.	
Poland	1974	Oil pipeline	500-700	Oil				N.A.		N.A.	
Czechoslovakia	1974	Oil facilities	100-500	Oil				N.A.		N.A.	
GDR	1975	Oil facilities	100-500	Oil				N.A.		N.A.	
GDR, Poland	1975	Electrical equipment plant	50	Electrical equipment				N.A.		N.A.	
Hungary	1975	Oil facilities	100-200	Oil				1976-80		N.A.	

USSR COMPENSATION AGREEMENTS

Country	Year Agreements Concluded	Western Project-Associated Description	Exports Value \$ Million	Soviet Project-Associated Deliveries		First Year Of Soviet Deliveries	Western Firms	Remarks
				Western Firms	Eastern Firms			
<u>POTENTIAL AGREEMENTS WITH THE WEST</u>								
Japan, US	N.A.	Pulp-paper plants	1,000- 2,000	Wood products		Early 1980s	US, Japanese firms in competition	
UK	N.A.	Wood processing equipment	120-220	Forestry products		N.A.	Price and Pierce, Ltd	
US, France	N.A.	Alumina refinery and aluminum smelter	1,300 1/	Aluminum		1979-1981	US, French firms in competition	
US, Japan	N.A.	Development of natural gas deposits in Eastern Siberia	3,000+	Liquidified natural gas		1980s	Tokyo gas, El Paso Co., Occidental Petroleum	Exploration phase to begin in 197
US	N.A.	Development of natural gas deposits in Western Siberia -- North Star project	3,000+	Liquidified natural gas		1980s	Tenneco Inc., Texas Eastern Brown & Root Inc.	

1. Estimated.
2. All East European countries -- Bulgaria, Czechoslovakia, Hungary, East Germany, Poland, and Romania.